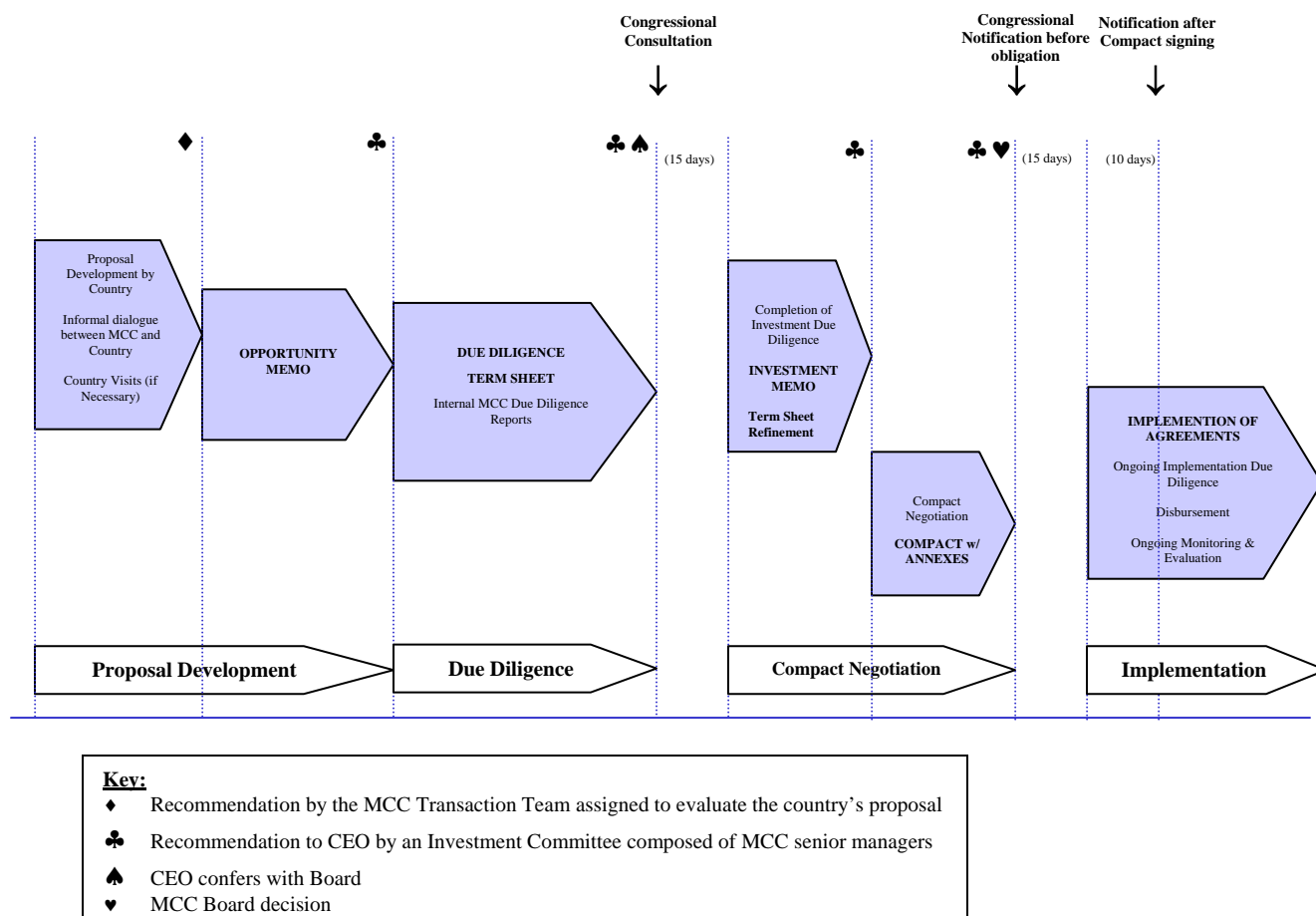


## Outline of the MCC Compact Development Process

The following chart illustrates the various stages of the MCC Compact development processes.



**Opportunity Memorandum:** This document describes the country's proposed MCC program, including an initial assessment of whether it has promise and effectively reflects basic MCC principles (poverty reduction, growth impact, consultative process, measurable results, etc.). The Opportunity Memorandum provides a recommendation to an Investment Committee (composed of MCC senior managers) to deploy MCC resources to conduct a detailed due diligence exercise on those elements of the proposed program that merit due diligence.

**Due Diligence:** Due diligence, *inter alia*, will focus on the country's strategy for economic growth and poverty reduction; the consultative process; policy reform plans; what is expected to be achieved; how progress will be measured; the merits and risks of each component of the program; fiscal accountability; monitoring and evaluation; donor coordination; the beneficiaries, disaggregated by income level, gender and age, where practical, and environmental and social (including gender, resettlement, indigenous people, etc.) safeguards.

**Term Sheet:** The Term Sheet serves as the basis for negotiation and summarizes the key transactions and other program terms. This document is continuously updated during the course of due diligence to reflect the country's proposed program as it evolves.

**Investment Memorandum:** The Investment Memorandum serves as the basis for decision making and, as such, describes the proposed terms of the Compact, provides an analysis of the program (based on the results of the due diligence) and makes a recommendation to the Investment Committee that MCC complete negotiations with the country over the text and terms of the Compact document.

**Compact with Annexes:** Serves as the obligating agreement between MCC and MCC countries.